

**TESTIMONY OF
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PAN AMERICAN BANK
BEFORE THE
HOUSE COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON CONTRACTING AND THE WORKFORCE
OCTOBER 17, 2011**

Good Afternoon, Mr. Chairman and Members of the Committee. As the President and Chief Executive Officer of Pan American Bank in East Los Angeles, I am pleased to be here to testify before the Subcommittee on Contracting and the Workforce.

Pan American Bank is an example of the American Dream. While the fact that Pan American Bank is California's oldest Latino-owned bank and the second oldest Latino-owned bank in the United States is an impressive feat – particularly in today's banking environment - it is the story of its founder that is most impressive and reflective of the values of our great nation.

Pan American Bank was founded by and is majority-owned by Romana Acosta Banuelos. Mrs. Banuelos, born in the small and poor mining town of Miami, Arizona in 1925, is the daughter of Mexican immigrants. In 1933, as part of a repatriation initiative, Mrs. Banuelos and her family were relocated to Mexico. While Mrs. Banuelos did not at the time understand the reasons for her relocation, she knew she would one day return to the United States. Mrs. Banuelos returned to the United States as a young woman in the early 1940s.

Mrs. Banuelos was born a United States citizen. However, her upbringing was consistent with that of an immigrant. When Mrs. Banuelos relocated to Los Angeles she quickly found employment as a dishwasher during the day and as a tortilla maker from midnight to 6 a.m. After several years, Mrs. Banuelos saved \$500 – enough seed capital to start her own tortilla company. Mrs. Banuelos purchased a tortilla machine, a fan and a corn grinder. With the assistance of her aunt, Mrs. Banuelos made \$36 on the first day of business in 1949! After many long days and many long years, Mrs. Banuelos' immigrant work ethic evolved the two-person business into Ramona's Mexican Food Products, a company that for decades has employed hundreds on Angelenos. In 1963, with significant business and financial success, Mrs. Banuelos joined an effort to establish Pan American Bank in order to help struggling Latino consumers and small business owners in her neighborhood. Pan American Bank opened its doors in 1964. Mrs. Banuelos' success in the food and banking industries resulted in her successful appointment as the first Latina United States Treasurer, serving from 1971 to 1974.

While some have in the past criticized Mrs. Banuelos' decision to locate and headquarter Pan American Bank in economically-challenged East Los Angeles, others call her a true visionary who for 47 years has provided culturally relevant financial services, supported local "mom and pop" immigrant-owned businesses, provided "living wage" jobs for East Los Angeles residents and has provided immigrants and their children with an example of what is possible in the United States. Today Mrs. Banuelos is a vibrant 86 years old.

In June 2009, Mrs. Banuelos brought me to Pan American Bank to assume her decades-old role as Chief Executive. Upon my arrival at Pan American Bank, Mrs. Banuelos stressed the importance of staying true to the mission of Pan American Bank – to play a vital role in the transformation and empowerment of the underserved immigrant communities served by the Bank. Of particular concern was the ongoing support of the family-owned businesses that dominate these communities but that have been largely ignored by mainstream financial institutions.

Serving the small businesses that populate immigrant communities such as East Los Angeles is not an easy feat. While every small business at some point can benefit from financial, technical or other assistance, significant challenges exist. Such challenges include but are not limited to a distrust of financial institutions, a lack of understanding regarding licensing requirements, a lack of knowledge regarding the availability of technical and other assistance and a lack of time needed to obtain the necessary knowledge. All of these challenges are further complicated by the language barrier that exists within the predominantly Spanish-speaking community of East Los Angeles. An additional barrier from a banker's point of view is the regulatory challenges. As many of these small businesses possess non-traditional credit profiles, regulators at the field office level struggle many times to understand these businesses which results in regulatory challenges for financial institutions.

In an effort to serve the needs of Pan American Bank's small business community, the Bank has recently implemented several programs apart from its traditional products and services. First, in 2010, Pan American Bank partnered with nonprofit EastLA Works. Under the partnership the Bank provides free office space to EastLA Works. EastLA Works visits with family-owned businesses in East Los Angeles for the purpose of providing free Business Improvement Plans. The Business Improvement Plans are roadmaps to improved operations and profitability. The key to EastLA Works' program is its focus on visiting the small business owners at their place of business rather than requiring them to make office visits. This is a crucial element as most of these family-owned business owners cannot leave their place of business without having to temporarily close the business. In addition to the Business Improvement Plans, EastLA Works also provides on-site training related to Quick Books and other small business applications as well as training related to social network marketing, direct mail marketing and licensing requirements.

Due to the socio-economic challenges of Pan American Bank's service area, the Bank also employs graduate students from the Community Organization, Planning and Administration (COPA) program of the USC Graduate School of Social Work. These individuals include among their responsibilities the performance of surveys and needs assessments with consumers, small businesses and other community stakeholders. Among other things, the social workers assist the Bank in bridging the divide that stands between the Bank and the small business community.

In October 2011, Pan American Bank entered into a Memorandum of Understanding with the Small Business Development Center. The Small Business Development Center will maintain a presence at Pan American Bank. Similar to the Bank's arrangement with EastLA Works, the Small Business Development Center will receive free office space in order to permit the Small

Business Development Center to establish a presence in East Los Angeles and surrounding communities. The Small Business Development Center will develop and deliver culturally relevant technical and other assistance to East Los Angeles small business owners.

CONCLUSION

Mr. Chairman, Pan American Bank is very proud of its history in serving the largely immigrant small business community of East Los Angeles. Our work over the years has enabled immigrant entrepreneurs to experience first-hand the same American Dream experienced by Mrs. Banuelos. Apart from supporting their immediate families, immigrant entrepreneurs also provide living wage jobs for other members of the community. In Mrs. Banuelos case and other similarly situated small businesses, the businesses provide financial support for hundreds of families. Just as Pan American Bank has sought creative and innovative solutions to meeting the needs of its local small business community, so too must this Committee continue to support traditional and non-traditional efforts that encourage the work of organizations such as EastLA Works and the Small Business Development Center. In communities such as East Los Angeles it is the small businesses that are owned and operated by immigrants that will act as the engine that keeps America working. Pan American Bank will continue to do its part to serve the largely immigrant small business community of East Los Angeles. However, as one of Los Angeles County's smallest banks, our efforts reflect a drop in a large bucket that must be filled through continued Committee support and outreach.

Mr. Chairman, this concludes my remarks. I would be happy to answer any questions at this time.